Google Book Deal Faces Big Hurdle

By Jeffrey A. Trachtenberg, Wall Street Journal, March 24, 2011

Google Inc. and the authors and publishers that sued the company face a major challenge salvaging a proposed legal settlement to make millions of out-of-print but in-copyright books available digitally.

Judge Denny Chin, in a ruling filed in U.S. District Court in Manhattan Tuesday, rejected the parties settlement, saying it must allow authors and publishers the right to opt in to Google's program rather than forcing them to opt out if they don't want their works included.

Google and the Authors Guild and various publishers reached the agreement in 2008, proposing a way to distribute millions of titles that might otherwise be forgotten in a bid to resolve complaints from publishers and writers that the search-engine giant had violated their copyrights by scanning their books without permission.

But the complexity of copyright law, which is the realm in which the original dispute arose, now poses a significant threat to efforts to find common ground. A key issue is whether Google can ensure that the publishers and authors that want to opt in the settlement are the clear rights holders.

In addition, some works are orphaned, meaning their rights owners haven't been identified. As a result, there's no one to opt in for the works.

Before 1995, many book contracts for consumer titles contained a reversion-of-rights use for titles that were out of print, according to a publishing executive.

That clause enabled authors or their agents to ask that the license to publish revert to the author after a book was out of print. The publisher was then generally obligated to return those rights to the author.

In the mid-1990s, as digital opportunities became clearer, most publishers claimed digital rights for new works, publishing executives say. With the advent of e-books and print on-demand, the new reversion-of-rights uses typically identify the specific annual sales targets required for a work to be considered in print.

Also, in many cases, authors or their agents neglected to ask for a reversion of rights, meaning publishers may still hold the rights to works authors might want to claim for themselves. If the digital rights aren't clearly established, Google may not feel comfortable selling the titles.

In addition, many books contain 'excerpts' from published poems, songs or other copyrighted works whose rights were cleared for print publication but not necessarily for digital publication, publishing executives say. Whether rights holders who opted into the settlement would have to seek the approval of the rights holders ,of those excerpts would also have to be considered.

"You may need to go back and get new permission for the digital edition," said one publishing executive. "You add in all these factors, and the opt-in road becomes: very difficult. It may require congressional action."

Google's lawyers had argued in the case that an opt-in system wasn't commercially viable and that the opt-out provision was an essential feature of the settlement.

An opt-in system "doesn't work because if it worked, someone would have done it already," said Daralyn Durie, a lawyer representing Google at a hearing in the case last year. "In the absence of a settlement such as this; it's not as though there's some other way to bring these works to light," she said.

Ms. Durie added that it's "not simply because Google wants to get access to this body of work." Rather, she said, there is "no other way to create a market for these out-of-print works so that they can become available and so that their rights holders can be located."

— Amir Efrati contributed to this article.